

**Minutes of the
Free Market Protection and Privatization Board**

Thursday, August 13, 2015 - 2:00 p.m.

Room 30, House Building

State Capitol Complex

Members present:

Kimberley Jones (Chair), Sen. Howard Stephenson, Sen. Karen Mayne, Rep. Johnny Anderson, Rep. Justin Miller, Travis Dimick, Dean Drew, Bob Myrick, Russell Anderson, Rick Jones, Jacquie Nielsen, Steve Fairbanks, Shawn Milne

Members absent:

Randy Park, Manuel Torres, Al Manbeian, LeGrand Bitter

Staff present:

Cliff Strachan, Governor's Office of Management and Budget (GOMB)

Note: Additional information including related materials provided at the meeting and an audio recording of the meeting can be found at the Utah Public Meeting Notice Website (<http://www.utah.gov/pmn>). Information about the Privatization Board can be found at <http://gomb.utah.gov/operational-excellence/privatization-board/>.

1. Welcome and Introductions

Kimberley Jones welcomed new board members and called for introductions.

Randy Park and Manuel Torres were excused.

2. Public Comment (10 minutes)

3. Board Business/Minutes

a. Selection of Chair/Vice Chair

Cliff Strachan advised that the board is required to select a chair annually and may select a vice-chair. He called for nominations.

Sen. Mayne nominated, and the nomination was seconded, Kimberley Jones as chair. No other nominations were received. Kimberley Jones was acclaimed as chair.

Rep. Miller nominated, and the nomination was seconded, Jacquie Nielsen as vice chair. No other nominations were received. Jacquie Nielsen was acclaimed as vice chair.

b. Open and Public Meetings Act (annual training)

Staff provided training to the board respecting its responsibilities per Utah's *Open and Public Meetings Act*.

c. Minutes from June 11, 2015

Motion: Bob Myrick moved to approve the minutes of the June 11, 2015 meeting. CARRIED

d. Appointment to advisory committee(s)

Chairwoman Jones appointed LeGrand Bitter, Rep. Johnny Anderson, Manuel Torres, Jacquie Nielsen, Kim Jones, Rep. Justin Miller, Sen. Karen Mayne, and Shawn Milne to the Competition Review Advisory Committee.

4. Commercial Activities Inventory (CAI)

a. Department of Administrative Services (DAS)

Kim Hood, Executive Director, and Ken Hansen, Deputy Director, presented an overview of the department, its mission, vision, values, goals and structures. The department is a collection of services necessary to the administration of other departments with some of the divisions funded by internal service funds (also known as ISFs). They noted that many services (about one-half of the 150+ services) provided are already in part privatized. For example, the Office of State Debt Collection (OSDC) processes 90+% of its claims through private claims managers. Another example is found at Print Services where the copy center is managed by Xerox or print jobs are sent to UCI.

The board has previously considered potential opportunities through its Total Cost of Ownership Study (in 2014) as well as prior presentations by OSDC, Finance (re Payroll), Risk Management, Surplus Properties and Fleet Operations. DAS leaders noted that Surplus Property functions were largely privatized and this year the Legislature made some adjustments to the service. Many of the department's services have been found by independent and internal reviews to be cost effective when compared to private industry or experiences elsewhere.

Based on the Tier 1 surveys done by DAS employees, board staff recommended DAS talk about the Division of Facilities Construction and Maintenance (DFCM) and provide an update on progress at Fleet [later in the agenda]. The CAI for DFCM's maintenance had the highest score on the Tier 1 survey. However, DFCM talked about the comparative value provided by the maintenance group, which provides some services internally and others are outsourced as needed. Staff recommended not pursuing privatization of this function and none of the other survey results suggested other opportunities.

5. Review Privatization of an Activity

a. DAS - Division of Fleet Operations

In 2013 the board's consideration of Fleet Operations was deferred to GOMB's operational excellence initiative. Among the results of that effort, Fleet initiated a pilot program with Enterprise Rent A Car to provide vehicles at the Multi Agency State Office Building.

Additional work by GOMB staff and DAS leadership has led to the issuance of a Request for Proposals (RFP) that could lead to the privatization of five activities: 1) vehicle selection, acquisition, and replacement, 2) vehicle financing, 3) vehicle remarketing, 4) vehicle maintenance and repair, and 4) recordkeeping, data

management and reporting. New Fleet Operations Director Jeff Mottishaw talked about the RFP and the process.

Kim Jones requested that DAS provide a letter to the board later in the year advising the board as to progress and results of the RFP effort.

6. Review Issues Concerning Agency Competition with the Private Sector

7. Other Business/Adjourn

Motion: Steve Fairbanks moved to adjourn. CARRIED